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Hamilton - Wentworth
population: household,
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Hamilton-Wentworth Official Plan Review
Background Paper #3

**ANALYSIS OF
LAND USE REQUIREMENTS
TO MEET FORECAST GROWTH
TO THE YEAR 2021**



February, 2000

Regional Municipality of Hamilton-Wentworth
"THE SUSTAINABLE REGION"

City of Hamilton / Region of Hamilton-Wentworth
Community Planning and Development Division
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Analysis of Land Use Requirements to Meet Forecast Growth to the Year 2021

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1.0 INTRODUCTION

The Hamilton-Wentworth Official Plan, “**Towards a Sustainable Region**”, has been in effect since its inception in January 1995. The Official Plan establishes policies to guide decision-making and actions for matters:

- that are of regional concern;
- where the Region has a direct responsibility; and
- where the Region must maintain conformance with Provincial Policies.

The policies contained in the Hamilton-Wentworth Official Plan generally relate to the protection of natural resources, utilization of resources, urban form and development, industrial/commercial development, rural development, and provision of water, sewer, transportation, solid waste, and health and social services.

The Official Plan has been in effect for over four years and it is time to consider the need for any revisions of the goals and policies contained in the Plan. Consideration every five years of the need for revisions to the Official Plan Review is mandated in Section 26(1) of the Planning Act and required in Policy D.3.1 of the Hamilton-Wentworth Official Plan.

A major component of the Review is fulfilment of policy C.3.1.2.1 of the Official Plan, which states that the Region will, “**consider the need for additions to the Urban Area only at the time of the five-year Official Plan Review**”. A statistical evaluation of the adequacy of current designations of land for future urban development is required to assess whether there needs to be any changes in these designations.

The purpose of this report is to assess the capability of the current land use designations in the Hamilton-Wentworth Official Plan to accommodate forecast growth to the year 2021.

2.0 CURRENT POLICY DIRECTIONS

The current Hamilton-Wentworth Official Plan (HWOP), which was approved by the Minister of Municipal Affairs in January 1995, is one of the key policy tools of Regional Council for achieving the goals of VISION 2020. Reflecting the desires of the community as expressed in VISION 2020, the Official Plan contains a land use strategy that works towards protecting natural resources, preventing scattered rural development, and establishing a firm urban boundary (see page C-14, HWOP).

Regional Council must also have regard in its decision making to any directions made by the Province of Ontario. The key document which influences the decisions in regard to land use and urban form is the Provincial Policy Statement.

The purpose of this section of the report is to provide an overview of the major policy directions currently governing decision making in our community.

2.1 Provincial Policy

In the development of its official plan, the Region must have regard to the Planning Act and any policy statements issued under the Act. In February, 1997 the Province of Ontario issued a revised Provincial Policy Statement (PPS), which outlines a number of policies of the Province regarding land use patterns, housing, infrastructure, agricultural activities, natural heritage, cultural heritage, water quality, and public health and safety.

With respect to the issue of designating land to accommodate forecast growth, the Provincial Policy Statement clearly states that municipalities must promote the development of cost-effective land use patterns. In essence, the PPS directs municipalities to designate lands sufficient to accommodate growth up to, but not exceeding, a twenty-year time horizon, and to plan for that growth in a manner that makes efficient use of land, resources, infrastructure and other municipal services.

The policies of the Provincial Policy Statement must be reflected in the goals, designations and policies of the Hamilton-Wentworth Official Plan.

2.2 Policy of Regional Council

For the designated Urban area, the Hamilton-Wentworth Official Plan's policies are focussed towards the creation of a compact urban form, including mixed use areas and a firm urban area boundary (see Policy C.3.1, HWOP). A more compact and mixed form of urban development is preferred because:

- this is an urban form that was considered desirable by the community in VISION 2020;
- growth can be accommodated by building on vacant or redeveloped land without taking up agricultural lands or natural areas;

- higher density development, when economic conditions permit, can reduce per capita servicing costs and make more efficient use of existing services, such as water and wastewater, roads, and public transit; and
- effective community design can ensure people are close to recreation, natural areas, shopping and their workplace (see Policy C.3.1.1, HWOP).

On December 15, 1998 Regional Council reconfirmed its commitment to working towards the goals of VISION 2020 when it accepted the following two recommendations of the VISION 2020 Progress Team (see report ENV98036(A)):

- That the Region renew its commitment to follow the principles and work toward the sustainable community of VISION 2020 as adopted by Regional Council in January 1993; and
- That the renewed strategies attached to Report ENV98063(A) be endorsed for the Region's program planning, priority setting and decision making.

Contained within the Renewed Strategies Report prepared by the VISION 2020 Progress Team are a set of goals and strategies that emphasize maintaining the commitment to curb urban sprawl and making full use of existing municipal services. The Progress Team recommends that achievement of those goals can be made through maintenance of a firm urban boundary and establishing policies for working towards the goal of a mixed and compact urban form (VISION 2020 Progress Team, 1998).

The policies of the HWOP do balance the desire for a compact urban form with the need to ensure an adequate supply of land is designated to provide a range of housing in terms of cost and type. The primary tool used for achievement of this are policies requiring Regional Council to maintain at least a three year supply of residential lots in draft approved and registered plans of subdivision and at least a ten year supply of lands designated for urban residential development (see Policy B.3.4, HWOP). Analysis and achievement of these policies is undertaken within the framework of a 20-year time horizon. This allows sufficient lead time for detailed planning, infrastructure and financial matters to ensure new development lands comes on stream in an orderly and sensitive manner. By ensuring there is an adequate supply of lands is available for urban development, Regional Council can have some influence on the cost of housing within the marketplace.

The HWOP also recognizes that our community includes a large rural area where agricultural activities are the primary land use activities. Reflecting the community's desires as expressed in VISION 2020, the rural policies contained in the HWOP direct that any appropriately proposed urban type development for the rural areas should occur in the designated rural settlement areas. The current HWOP estimates that about 4% of the future residential development in Hamilton-Wentworth to the year 2020 will be accommodated in the rural areas (see Policy C.3.2).

To support and maintain Hamilton-Wentworth's local economy and help ensure there are employment opportunities for both existing and future residents, the HWOP designates areas of the Region as Business Parks. The primary function of the Business Parks is to accommodate new firms wishing to locate in our community. The adequacy of these lands in terms of supply, location and services needs to be evaluated as part of the implementation of HWOP Policy C.3.1.2.1 and the evaluation of the need for additions or changes to the urban area.

The HWOP does not designate lands for commercial and institutional activities or park space. It is expected that the Area Municipalities through the preparation of their Official Plans and through the secondary planning processes will designate an appropriate supply of land to accommodate these activities, which are related to residential development and growth.

2.3 Summary

In both the HWOP and the Provincial Policy Statement it is clear that the policy direction is to create a compact and mixed urban form that makes efficient use of land and municipal infrastructure. However, this must be balanced against market demand and the need to ensure adequate lands are available in order to maintain a diverse spectrum of housing in terms of affordability and type and to maintain and enhance the local economy.

3.0 MEETING FORECAST RESIDENTIAL DEMAND to the YEAR 2021

In 1995, the Region completed a Housing Statement Update, which provides a detailed analysis of the ability of the existing housing supply and the undeveloped designated urban lands to meet forecast growth to the year 2021. Based on the information available at that time, this study concluded that the designated urban areas of the Region were sufficient to accommodate forecast growth to the year 2021. Of the six area municipalities, only the City of Stoney Creek was identified as potentially having a deficit in its land budget to meet the forecast to the year 2021.

To arrive at this conclusion the Housing Statement examined the existing housing situation, both the short and long term determinants of future demand for housing, existing population and household forecasts and existing Regional and Provincial policies. The purpose of this section is not to recreate the work done as part of the Housing Statement Update but rather to review recent information to determine if any changes are required to the conclusions reached in the Housing Statement.

3.1 Residential Development Trends, 1992 to 1998

Based on 1994 assessment data, the Hamilton-Wentworth Housing Statement identified that of the 183,000 housing units in the Region, 65% were single and semi detached units, 7% were row housing or townhouses, 23% were apartments, and 5% fell into the category of other. Although there has not been any significant change in these proportions over the last five years, Table One shows that over 85% of new housing starts through the 1990s have been single, semi detached and row housing. Only a small proportion of new development has been of a higher density in the form of apartment buildings.

TABLE ONE

**Annual Housing Starts by Housing Type
Hamilton-Wentworth, 1992 to 1998**

YEAR	HOUSING TYPE				TOTAL
	Single & Semi Detached	Row and Townhouses	Apartments	Rural	
1992	958 (51.5%)	561 (30.1%)	274 (14.7%)	69 (3.7%)	1862 (100%)
1993	1355 (63.9%)	585 (27.6%)	115 (5.4%)	64 (3.0%)	2119 (100%)
1994	1374 (65.2%)	374 (17.8%)	292 (13.9%)	66 (3.1%)	2106 (100%)
1995	908 (55.9%)	388 (23.9%)	262 (16.1%)	67 (4.1%)	1625 (100%)
1996	1105 (64.5%)	467 (27.2%)	54 (3.2%)	87 (5.1%)	1713 (100%)
1997	1184 (59.5%)	632 (31.8%)	82 (4.1%)	91 (4.6%)	1989 (100%)
1998	1010 (54.7%)	593 (32.1%)	122 (6.6%)	120 (6.5%)	1845 (100%)
Annual Average	1128 (59.5%)	514 (27%)	172 (9.0%)	81 (4.3%)	1895 (100%)

Source: CMHC Housing Starts, 1992 to 1998.

Very evident and noted in the Regional Housing Statement identified, consumer preference and demand in the 1990s has been for single detached and townhouses. The Housing Statement went on to identify that if new residential development continues to occur primarily in the undeveloped areas of the designated urban area, then in the short-term, the goal of a compact urban form will realistically only be achieved through keeping lot sizes to a minimum and innovative urban design. Generally, with 27% of new housing starts in the 1990s being townhouses and with the proportion increasing, it would appear that, at least within current market demands, the amount of designated urban and undeveloped land being used for residential development is being kept to a minimum.

When comparing the forecasted new housing construction that formed a base for the Hamilton-Wentworth Official Plan, Table Two reveals that in the 1990s Hamilton-Wentworth has seen on average about 200 fewer new residential units constructed every year than forecasted in 1992. As discussed in the **Housing Statement Update** and the **Hamilton-Wentworth Official Plan Review, Background Paper #1** the lower than forecast residential construction can be tied to the over-projection for new population and household growth for the 1990s.

Table Two also shows that the forecast distribution of residential construction by Area Municipality has been relatively close to what actually occurred in the 1990s. It must be understood that the forecasts are an annual average and that when comparing short-term trends against a long-term forecast allowance must be made for fluctuations. When developing the forecasts it was expected that in the short term certain areas of the Region would develop faster while others, such as, the Heritage Green Neighbourhood in Stoney Creek would experience slower development until completion of infrastructure projects, such as the Red Hill Creek Expressway.

TABLE TWO

FORECAST versus ACTUAL
RESIDENTIAL CONSTRUCTION by AREA MUNICIPALITY
Region of Hamilton-Wentworth, 1992 to 1998

Municipality	Forecast Average Annual Unit Construction 1992-2021	Actual Average Annual Unit Construction 1992-1998	Difference Between Actual and Estimated
Ancaster	277 (13.2%)	221 (11.7%)	-56
Dundas	80 (3.8%)	151 (8.0%)	71
Flamborough	328 (15.6%)	394 (20.8%)	66
Glanbrook	108 (5.1%)	132 (7.0%)	24
Hamilton	783 (37.2%)	638 (33.7%)	-145
Stoney Creek	527 (25.1%)	358 (18.9%)	-169
Region	2103 (100%)	1894 (100%)	-209

Sources: CMHC Housing Starts, 1992 to 1998.
 Hamilton-Wentworth Planning and Development Department, 1992.

One trend that has recently deviated from the forecasts is the proportion of housing starts occurring in the rural areas. Table Three shows that since 1995 the proportion of the total housing starts that are rural has increased from 3% in 1994 to over 6.5% in 1998. Overall the annual average between 1992 and 1998 was only 4.3%, which is very close the target of 4% currently in the Hamilton-Wentworth Official Plan. However, if the recent trend towards an increasing number of rural housing starts continues, it will make it very difficult to achieve the goals of compact urban form and protection of the rural areas from urban type development.

TABLE THREE

**ANNUAL HOUSING STARTS BY URBAN/RURAL
Hamilton-Wentworth, 1992 to 1998**

YEAR	URBAN	RURAL	TOTAL
1992	1793 (96.3%)	69 (3.7%)	1862
1993	2057 (97.0%)	64 (3.0%)	2119
1994	2040 (96.9%)	66 (3.1%)	2106
1995	1538 (95.9%)	67 (4.1%)	1625
1996	1626 (94.9%)	87 (5.1%)	1713
1997	1898 (95.4%)	91 (4.6%)	1989
1998	1725 (93.5%)	120 (6.5%)	1845
Annual Average	1813 (95.7%)	81 (4.3%)	1894

3.2 Population and Household Forecasts

As required in Policy C.3.1.2.4 of the Hamilton-Wentworth Official Plan, the population, household and employment projections prepared in 1992 have been reviewed as part of the Five-Year Review of the Official Plan. Changes made to these projections are presented in **Hamilton-Wentworth Official Plan Review, Background Paper #1, Hamilton-Wentworth Population, Household and Labour Force Projections, 1996 – 2021**. The following is only a summary of the forecast population and household growth and what it may mean for future residential development.

The revised population and household forecasts, estimate a population increase of 108,000 people between 1996 and 2021 resulting in a total population of about 575,825 people in the year 2021. In terms of new household growth, this population growth represents an estimated increase of 57,000 households between 1996 and 2021. In comparison to the 1992 projections, this represents an increase of about 3,000 households in the long-term forecasts for the Region.

Given the relatively low residential vacancy rates in Hamilton-Wentworth this projected increase of 57,000 households must be accommodated primarily in the development of new residential units. Working with the current Hamilton-Wentworth Official Plan target that 4% of new residential demand will be accommodated in the rural areas, means that about 2,300 units should be allocated to the rural areas and the remaining 54,700 should be allocated to the designated urban area. On an annual basis, these projections translate into a total new housing unit requirement of 2,280 units a year, with an urban area requirement of 2,190 units a year and a rural area maximum of 90 units a year.

As the projections are based on a 1996 to 2021 time frame, the estimate of total units required over that time period, must be reduced by the number of units produced between 1996 and 1998. During those three years, a total of 5,550 residential units were built in Hamilton-Wentworth. Therefore the Hamilton-Wentworth Official Plan needs to have the appropriate land use designations and policies to accommodate an additional 51,450 residential units.

These forecasts are slightly higher than current rates of development and the projections that were used to develop the current Hamilton-Wentworth Official Plan. The key assumption underlying this forecast increase in population and household growth is maintenance by the Federal Government of an annual immigration target of 200,000 to 250,000 people. Close to 50% of new immigrants to Canada select the Greater Toronto Area as their first place of residence. This continued influx of new residents is the biggest factor driving population and household growth for the GTA and surrounding municipalities.

On average, 2,500 to 3,000 new immigrants to Canada select Hamilton-Wentworth as their first place of residence. This is a significant component of our community's population growth but recent information suggests that growth in the GTA is causing a spill-over into the surrounding municipalities, primarily commuters looking for a combination of lower cost housing and an improved quality of life. This trend is reflected in recent migration trends discussed in the **HWOP Review, Background Paper #2** and the study entitled, **Commuter Trends and Patterns for Hamilton-Wentworth**.

If the Federal Government makes a reduction to its immigration targets, this will cause growth in both the GTA and Hamilton-Wentworth to slow, while an increase in the immigration targets would result in greater than forecast growth.

3.2.1 Forecasting the Type of Housing Demand

The 1996 Regional Housing Statement recommended that the Region establish housing requirements by type of 55% single and semi-detached units, 28% row units, and 17% apartment units. Housing starts statistics for 1992 to 1998 show that for the urban area of the Region, that actual construction by type has been 62% single and semi-detached units, 28% row units, and 10% apartment units. Although the difference between actual and forecast housing by type was recognized in the Regional Housing Statement, it did identify that consumer preference will probably move towards row units and low rise condominium apartments as the population continues to age.

Using the established housing requirements by dwelling type, means the Region needs to plan to accommodate in the urban area an estimated: 28,300 single and semi-detached units, 14,400 row units, and 8,750 apartment units between 1999 and 2021.

3.3 Existing Designated Urban Residential Development Opportunities

To determine whether enough land is available for future residential development to the year 2021, one has to:

- project the number of new households,
- identify how much undeveloped land is designated for future urban residential development,
- estimate the number of dwelling units absorbed through infill and redevelopment opportunities in the existing built-up areas, and
- identify if there are any short or long term constraints that may hinder the development of any of the identified supply.

As presented earlier, land use designations and policies are needed to accommodate an estimated 51,450 new residential units of which 49,400 are expected in the designated urban area.

3.3.1 Urban Residential Development Opportunities

Through its Vacant Residential Land Inventory, the Region of Hamilton-Wentworth monitors the availability of undeveloped designated residential urban lands to ensure that a sufficient supply of land is available for future development. Vacant land is defined as any parcel of land, which is zoned or designated for urban residential development. The Vacant Residential Land Inventory does not include land with an existing residential, commercial, industrial or other use that could be converted or redeveloped for residential purposes.

As of July 31, 1999, the Region of Hamilton-Wentworth was estimated to have a total vacant designated urban residential land supply that can accommodate around 46,500 new residential units. All of these potential units are included within the existing designated urban area (see Table Four).

TABLE FOUR

VACANT RESIDENTIAL DESIGNATED URBAN LANDS
By DWELLING TYPE and PLANNING STATUS
Hamilton-Wentworth, July 31, 1999

PLANNING STATUS	TYPE OF RESIDENTIAL UNIT				TOTAL
	Single & Semi Detached	Row Units / Townhouses	Apartment Units	Unit Type Undefined ¹	
Registered	2,080	700	2,735	0	5,515
Draft	3,370	1,560	1,000	0	5,930
Approved					
Proposed	875	2,135	2,555	0	5,565
Designated	11,885	3,765	2,730	11,100	29,480
TOTAL	18,210	8,150	9,010	11,100	46,490

Source: Region of Hamilton-Wentworth, Vacant Residential Land Inventory, 1999.

In addition to these opportunities on undeveloped lands, there exists many opportunities for infill and redevelopment across the built-up developed urban areas of the Region. What is important to recognize is that the infill and redevelopment "potential" may not equate with actual market absorption of dwelling units over a particular time frame. Constraints due to site contamination, location, inadequate infrastructure and neighbourhood resistance will temper the maximum "potential" within a built-up developed area. However, policy and program initiatives at the local level can facilitate greater take-up of these lands, e.g., City Places in downtown Hamilton.

In consultation with Area Municipal Planning Departments, an assessment of lands that would reasonably experience infill and redevelopment activity over a 20-year time frame was undertaken. As most redevelopment and infill opportunities are within the City of Hamilton, a more rigorous supply and demand assessment was required. Staff from the Community Planning Department and Land Development Department undertook a neighbourhood-by-neighbourhood review of vacant and under-utilized land parcels and made a determination on: 1) the likelihood of these lands being developed within a 20-year time horizon; and, 2) the likely dwelling unit yield.

¹ These 11,100 units include an estimated:

- 6,100 units that will be added to the urban area once a final decision has been made with respect to the Waterdown urban expansion; and
- 5,000 units for the urban area of Binbrook, which currently does not have water and sewer services but is, planned to be serviced by the year 2000/2001.

In addition, discussions were held with representatives of the Hamilton-Halton Home Builders' Association, the Hamilton (Municipal) Non-Profit Housing Corporation and the Economic Development Department to consider reasonable and market supportable estimates of residential dwelling units that would be absorbed on infill and redevelopment locations over the next 20 years in the City of Hamilton.

Based on these discussions, the estimated average annual absorption rates over a 20-year period are as follows:

- Ancaster	- 10 units
- Dundas	- 40 units
- Flamborough	- 10 units
- Glanbrook	- 5 units
- Stoney Creek	- 10 units
- Hamilton Downtown	- 150 units
- Hamilton Other	- 90 units

The total 20-year estimate of infill and redevelopment residential market absorption is 6,300 units.

With an estimated redevelopment absorption of 6,300 units and an estimated 46,500 units available in undeveloped designated urban residential lands, the existing HWOP can reasonably accommodate an additional 52,800 residential units. This would suggest a surplus of almost 4,000 units in the designated urban area over the forecast demand for the year 2021.

3.3.2 Constraints on the Supply

From a broad perspective, it appears that the Region has designated sufficient lands to accommodate forecasted residential demand to the year 2021. However, there are significant constraints on the designated supply that must be explored to determine if they will affect the ability of the Region to accommodate future residential growth.

3.3.2.1 Short-term Constraints

An estimated 11,100 units in the identified residential land supply are not currently available for development but are expected to be available within the next one to two years. This includes the estimated 6,100 units that will become available once a final decision is made with respect to the expansion of the Waterdown urban area and the estimated 5,000 units in Binbrook that currently does not have water and wastewater services. Plans have been made for the provision of these services for Binbrook and they are expected to be in place in the year 2000/2001.

3.3.2.2 Expected Changes in Land Use Designations

Along the lakeshore in Stoney Creek there is an area that is currently planned for an estimated 2,100 apartment units. This area has been planned for this type of development for over 20 years. The City of Stoney Creek no longer expects this area to develop according to these plans and is currently working on plans for 340 apartment units and 450 row units (City of Stoney Creek, 1999).

If these plans are approved this will reduce the residential development potential for the defined urban area by over 1,300 units.

3.3.2.3 Lands Not Expected to Develop

When services are put in place for Binbrook, it is not expected that all 5,000 units will be constructed by the year 2021. As part of the Environmental Assessment for the provision of water and wastewater services, it was estimated that only 1,500 of the 5,000 potential units in this area would develop by the year 2021. This estimate was based on an examination of residential building trends in Caledonia. However, market demand factors could shift and there could be an increased absorption of units within the Binbrook community. Therefore, a conservative estimate of 3,500 units should not be included in the estimated land supply to accommodate growth to the year 2021.

3.3.2.4 Uncertain Development

In the Heritage Green area of Upper Stoney Creek, uncertainty over the timing of the construction of the north-south portion of the Red Hill Creek Expressway has put some constraints on development in this area of the Region. HWOP Policy C.3.1.2.8 limits the population of this area until an appropriate north-south transportation capacity has received all required approvals.

Currently this area is limited to a population of 21,000 people. This means that approximately one-half of the planned 5,400 housing units for this area cannot receive approval for construction until a successful resolution of this transportation issue.

When this constraint may be lifted is uncertain given the recent decision of the Federal Government to conduct a Federal Environmental Assessment of the Expressway. As a result, some 2,700 residential units are not available for residential development and Urban Area lands remain vacant. However, the Region remains committed to constructing the Expressway and this unit potential will be left in the calculations.

A second area of uncertainty has to do with the estimates for redevelopment in the existing built areas of the Region. It is believed that the estimate of 6,300 units is reasonable and sensitive to market trends. While this potential exists and local governments are working on creating a set of financial and other incentives to encourage redevelopment, how fast redevelopment will occur is difficult to estimate.

Recent discussions with Economic Development Department staff indicate there is a growing market interest in downtown Hamilton development opportunities. If 6,300 units were to be built over the next twenty years, this would mean an average of approximately 315 units a year would be constructed through redevelopment. This is higher than past trends through the 1990s, which have rarely tended to exceed 100 units a year.

3.4 Regional Urban Residential Land Budget – Surplus/Deficit

By reducing the development potential by 4,800 units for the changes being proposed for the lakeshore area of Stoney Creek and the expected rate of development for Binbrook, the residential development potential in the urban area is an estimated 41,700 units ($46,500 - 1,300 - 3,500 = 41,700$). Further, In order to make allowance that not all of the identified lands are developed due to factors such as location, lack of interest on the part of the property owner, and market demand, a safety factor of 10% of remaining forecast demand is added to the calculations.

Table Five shows that over the 20-year time horizon to the year 2021 there is a land deficit of approximately 6,500 units.

TABLE FIVE

URBAN RESIDENTIAL LAND BUDGET Hamilton-Wentworth, 1996 to 2021

	# of Units
Forecast Residential Requirements, 1996 – 2021	57,000
Less: Units Built 1996-1998	5,550
Less: Units Forecast to be Built in the Rural Areas	2,060
Total Requirements	49,390
Gross Greenfield Available	46,500
Less: Stoney Creek lakeshore Adjustment	1,300
Less: Binbrook beyond 2021	3,500
Less: 10% of Remaining Forecast Demand as Contingency for Non-Developable lands ($57,000 - 5,550 = 51,450$)	5,145
Net Greenfield Available	36,555
Redevelopment/Infill Demand	6,300
Land Deficit	6,535

Source: Region of Hamilton-Wentworth, 1999.

3.5 Discussion

Based on recent development trends and land availability numbers, Hamilton-Wentworth has an adequate supply of land to accommodate forecast residential demand for approximately the next 15 years at a minimum. However, it is clear that within a 20-year time horizon there will be a shortage of urban designated lands in Hamilton-Wentworth. Assuming an average development density of 18 units per hectare, which approximates single-detached dwellings on a lot size of 40 feet wide and 100 feet deep, this designated land shortfall is approximately 363 hectares (900 acres).

Similar to population and household projections, there is a degree of uncertainty and variability in the assumptions utilized for determining future land requirements. The anticipated market absorption of infill/redevelopment units could be higher or lower. The Ontario economy, which has been particularly buoyant in recent years, could experience a slowdown that would have negative repercussions on overall housing demand. The opening of new urban lands in Halton Region may have the effect of capturing market share that may have gone to Stoney Creek or Waterdown. All of these factors or one of these factors could alter the dynamics of the land budget to the extent that within the 20-year time frame there may be in fact an adequate supply of designated urban land for residential purposes.

In terms of demographic uncertainty, less robust economic conditions could also affect the degree of household formation among the lower age cohorts while the advent of lower fertility rates, i.e., the number of children being born, will have an effect on future population levels. Estimates of future migration are also somewhat speculative recognizing the varied external factors that contribute to a person's decision to move from one city to another or from one country to another.

A successful response to evolving housing markets depends on municipal planning documents that provide for a range of housing types and opportunities and a development industry that anticipates changing housing demands and shifts supply accordingly. At the same time, establishment of a "firm" urban boundary within which these forms of housing will take place is critical to the integrity of an official plan.

In this case, a "firm" boundary means one that is based on long-term projected land needs and is sensitive to infrastructure costs, social and health implications, environmental impacts, protection of agricultural lands and other factors specified in the Provincial Policy statement and the Hamilton-Wentworth Official Plan. It is an urban boundary that is not susceptible to ad hoc changes or exceptions as it is based on a solid, reasonable and documented foundation.

Based on the foregoing, it would be prudent for the Region to exercise caution in designating new lands for urban development. This is in recognition of the uncertainty implicit within the land budget model and that the new designated urban lands will not be required until the latter part of the 20-year time horizon.

4.0 MEETING FORECAST BUSINESS PARK DEMANDS

In the Spring of 1999, the Region completed its Development Charges Study, which projected non-residential growth to the year 2021. The assumptions used were consistent with those that were used in the 1993 document "Land Use Projections for the Development Charges Study" prepared by the Region of Hamilton-Wentworth Planning and Development Department. The evaluation of the need to consider adding any lands for industrial, commercial or institutional purposes is based on these studies and recent trends in business park development.

4.1 Business Park Forecasts

The Development Charges Study forecasts that the Region will see industrial-business park growth of almost 9.7 million square feet (420,800 per annum) between 1999 and 2021 on undeveloped industrial lands. Assuming a coverage of 30%, the total land area associated with the forecast construction is 740 acres (310 hectares) or approximately 32.2 acres (13.4 hectares) a year. In addition, the 1993 study "Land Use Projections for the Development Charges Study" estimated that on average an additional 5 acres of industrial lands would be redeveloped every year.

In the last several years the Region and in particular the City of Stoney Creek has seen a relatively large increase in the rate of industrial-business park development. However, it should be noted that industrial land absorption trends are extremely volatile and are closely tied to overall business cycles in the economy.

In 1998, the Stoney Creek Business Park saw the development of an estimated 950,000 square feet of industrial space. If this rate were to continue, it would result in this Business Park being fully developed very quickly. The reasons for this recent growth are the strength of the Ontario economy and the location of the business park in relation to the QEW and the established industrial areas of Hamilton. New industries related to existing industries can be easily established in this area and are close while the QEW provides convenient transportation access to the larger GTA market. The City of Stoney Creek has forecast that this business park will be fully developed by the year 2021 (City of Stoney Creek, March 1999).

However, the absorption rate experienced over the last number of years has been historically very high and it is reasonable to assume that this pace of development will not continue over the long-term. Therefore, the forecast of 32.2 acres a year is maintained for the purposes of this report.

4.2 Business Park Land Supply

In the 1993 study, "Land Use Projections for the Development Charges Study", it was estimated that there existed a total of 3,290 acres of vacant developable lands in the designated Business Parks. Vacant developable industrial land is defined as undeveloped lands zoned either as industrial or agricultural and residential properties of at least one acre in size that are contained within designated Business Parks in the Hamilton-Wentworth Official Plan or within established industrial areas. Only 120 acres of the identified lands were found within established industrial areas, meaning the vast majority of the potential is located within the designated Business Parks.

Time and resource limitations did not allow for a complete update of this information. However, the 1999 Development Charges Study identified that between 1993 and 1997 that the Region saw development of an estimated 160 acres of business park lands. This means that the supply of lands is approximately still over 3,000 acres.

Not included in this supply are vacant industrial buildings, which could be redeveloped with either industrial or commercial activities. The Region has recently initiated its Brownfields Task Force, which is currently developing a package of incentives to encourage the redevelopment of over 100 unutilized former industrial sites in Hamilton-Wentworth. This supply should be more than adequate to absorb any projected redevelopment of industrial lands.

4.2.1 Constraints on the Supply

In the broad picture it appears that the Region has designated more than sufficient lands to accommodate forecasted business park demand to the year 2021. However, there are some constraints on the designated supply, which must be explored to determine if they will affect the ability of the Region to accommodate future growth.

4.2.1.1 Uncertain Development

The North Glanbrook Business Park currently has an estimated 650 acres of undeveloped lands. This area does not currently have any water and wastewater services. However, parts of the Business Park will be able to make use of the services being extended to Binbrook in 2000/2001. Another major restriction is the need for an extension of Dartnall Road to link the Business Park with the Red Hill Creek Expressway. There are no plans for provision of this road extension, however some limited access can be provided with the existing road network. Without services and road access this industrial-business park is unlikely to receive any significant amount of development. It is uncertain when arrangements will be made to provide full services and road access. Until the uncertainty about construction of the North-South portion of the Red Hill Creek Expressway is settled, it is unlikely that any effort will be made to address these constraints for this area. This means that the estimated 650 acres of land in this business park are not immediately available for development.

4.3 Regional Business Park Land Budget – Discussion

It is projected that approximately 740 acres of greenfield industrial-business park land will be absorbed over the projection period to the year 2021. This translates to an average annual figure of approximately 32 acres. Recent absorption data from the period 1993 to 1997 are consistent with the projection estimates.

With a current inventory of over 3,000 acres it is very evident that no new Business Park lands will be required and this may in fact represent a considerable over-supply of designated Business Park lands. Further, as financial and environmental incentives are established to promote Brownfields development to “level the playing field” with greenfield locations, it is very likely we will witness an increase in the number of businesses seeking lands in the established areas of the Region.

One particular concern that is becoming increasingly evident is that servicing and access restrict the overall potential of the business park inventory in Hamilton-Wentworth. Very simply, many of the designated Business Park lands in Hamilton-Wentworth are not in “good” locations.

In addition, there has been recent discussion on the construction of a “Mid-Peninsula” highway extending from Fort Erie in the east and linking to Highway #403 in the west. This proposed highway would take traffic pressure off of the Queen Elizabeth Way highway and enhance Ontario’s competitive position with the American border states vis-à-vis trucking times and ease of access. The exact location of the Mid-Peninsula highway has not been determined and the timing of construction and method of financing is uncertain. Locating the proposed highway in close proximity to the Hamilton International Airport would clearly enhance the competitive position of the existing Business Park lands in proximity to the Airport.

Therefore, in the context of new Official Plan for the new City of Hamilton a comprehensive assessment of the need and demand for designated Business Park lands that recognize shifting business demands and broader economic trends is warranted. This assessment would properly position this community to capture new industrial-business park growth in the 21st century and ensure the long-term viability and sustainability of the remaining designated Business Park lands. In addition, this assessment would provide a detailed quantitative base for comprehensively evaluating long-term designated Urban Area needs in the new City of Hamilton.

5.0 MEETING FORECAST COMMERCIAL DEMANDS

The Regional Official Plan does not designate lands for commercial development. It is the responsibility of the Area Municipalities through their Official Plans and Secondary Plans to designate an appropriate supply of lands to accommodate commercial development associated with planned residential and population growth. The Region for the purpose of development charges calculations forecasts the amount of commercial development that will occur in the future.

In the Spring of 1999, the Region completed its Development Charges Study that projected non-residential growth to the year 2021. The assumptions used were consistent with those that were used in the 1993 document, "Land Use Projections for the Development Charges Study", prepared by the Region of Hamilton-Wentworth, Planning and Development Department. The evaluation of the need to consider adding any lands for commercial purposes is based on these studies and recent trends in commercial development.

5.1 Retail/Commercial Forecasts

The Development Charges Study estimated that for each person added to the population of Hamilton-Wentworth an additional 24 square feet of commercial space will either be occupied or required to accommodate increased demand for retail services. Based on a forecast population growth of 108,000 people between 1996 and 2021, the Region will need to accommodate an estimated 2.6 million square feet of commercial space. Using a standard of three times gross floor area to estimate the site area, the anticipated amount of this commercial development is approximately 180 acres (75 hectares).

Comparing this forecast against development trends between 1994 and 1998 suggests that this forecast may be an underestimate of future demand. Between 1994 and 1998 the Region saw an estimated total construction value of \$240 million for commercial development. Using an estimated construction cost range of \$150 to \$200 per square foot, this is an estimated 1.2 to 1.8 million square feet of commercial space was added during this time period.

However, this number estimate of new commercial space should be treated with caution for several reasons:

- 1) in strong economic periods, more space tends to be constructed for speculative purposes and may not be absorbed into the marketplace;
- 2) the space is serving a population or market area beyond the Hamilton-Wentworth boundaries;
- 3) not all of the space can be considered as retail commercial and will include general office space and medical office space; and,
- 4) the space estimate has not been corroborated with a detailed and current commercial inventory of existing space and lands in the Region.

5.1.1 Revised Retail/Commercial Forecast

In the 1993 study, "Land Use Projections for the Development Charges Study" it was forecast that at some future point in time the ratio of square feet of retail space per person would increase. This was forecast as when communities such as Ancaster and Waterdown mature they will capture more locally generated trade, which formerly were going outside the municipality. In addition, it was felt that the growth of the big box retail approach would continue and this is traditionally more space extensive, although in recent years it appears the demand for this retail format has diminished compared to the early 1990's.

Therefore based on an examination of recent trends and the fact that the projected changes have been occurring, the assumption of 24 square feet per person will be increased as recommended in the 1993 study to 27 square feet per person.

Based on a forecast population growth of 108,000 people between 1996 and 2021, the Region will need to accommodate an estimated 3 million square feet of commercial space. Using a standard of three times gross floor area to estimate the site area, the anticipated amount of this commercial development is approximately 206 acres (86 hectares).

This forecast is lower than recent trends in commercial development but it must be recognized that the last two-three years have been unusually high. A large portion of the recent commercial development has occurred in the Ancaster Power Centre, which serves a market area that extends beyond the Hamilton-Wentworth boundaries. It is not expected that the demand for this type of commercial development will be sustained over the long term.

5.2 Commercial Land Supply

In the 1993 study, "Land Use Projections for the Development Charges Study", it was estimated that there existed a total of 430 acres of vacant developable lands designated for urban commercial purposes. Vacant developable urban commercial land is defined as undeveloped lands either zoned or designated in secondary plans for commercial purposes. Of that identified 430 acres, 150 was in Downtown Hamilton, 105 acres in the City of Hamilton outside the Downtown, and 175 in the five suburban area municipalities of which 95 acres were in the City of Stoney Creek.

Although the inventory methodology used for the 1993 study was not replicated for this report, data from the 1999 municipal assessment rolls quantifying vacant lands designated for commercial purposes shows the current extent of lands available in Hamilton-Wentworth:

Stoney Creek	- 65 acres
Glanbrook	- 7 acres
Ancaster	- 21 acres
Hamilton	- 76 acres
Dundas	- 4 acres
Flamborough	- 7 acres
 Total Region	 -180 acres

In addition to these opportunities on vacant undeveloped lands, it is estimated that there are over 4,000 vacant commercial buildings and units across the Region. The Official Plan recognizes the shifting function of Business Parks and flexibility for other uses is allowed. For example, Policy C.3.1.3.1 notes that "service type uses, including hotels, banquet centres and recreational facilities, and land extensive warehouse retail uses" will be accommodated in Industrial Parks.

As well, there is the strong likelihood of re-designating lands in the existing Business Parks for commercial purposes. For example, the Town of Flamborough has recently processed a development application for the construction on an estimated 40 acres of land in the Clappisons' Corner Business Park of commercial development. Consideration of using lands in the Business Parks for commercial development adds to the potential of existing designated urban lands to accommodate future commercial development.

In addition, it should be noted that within the City of Hamilton, commercial uses are also permitted within the Industrial zoning districts M-11 and to a lesser degree the M-12 designation. These zoning designations are only located in the East Mountain Industrial-Business Park.

5.2.1 Constraints on the Supply

From a broad perspective, there appears there are sufficient lands available in the Region to accommodate forecasted commercial demand to the year 2021. This is based on the availability of vacant commercial designated land, the extent of vacant commercial properties and the flexibility of local zoning by-laws to permit commercial development. However, there are some constraints on the designated supply, which must be explored to determine if they will affect the ability of the Region to accommodate future growth.

5.2.1.1 Uncertain Development

A significant component of the available supply of commercial lands is vacant buildings and units. The majority are located in older commercial areas that have difficulty competing with newer suburban commercial developments. To what extent these areas can accommodate future commercial demand is dependent upon the success of redevelopment efforts, such as Brownfields initiatives. Successfully bringing more people to live and work within the built-up urban areas of the Region will lead to the absorption of vacant units within this area.

5.3 Regional Urban Commercial Land Budget – Discussion

The absorption of new commercial space within Hamilton-Wentworth occurs through three main “streams”. The first stream is vacant lands that are designated for commercial uses and new construction is undertaken. The second stream is through the absorption of vacant or underutilized existing commercial buildings/plazas. And the third stream is through new construction or redevelopment of lands that may not be designated for Commercial uses in the respective Area Municipal Official Plan or Zoning By-law but are nevertheless permitted.

Quantification of the opportunities and the absorption of commercial space through the second and third streams are very difficult. It is also difficult to assess the “share” of each particular stream in the overall absorption of commercial space within a municipality. This is obviously problematic in determining whether additional lands need to be designated for “urban” to facilitate commercial development.

By looking solely at the first stream of potential commercial space in Hamilton-Wentworth and in isolation of the market potential of the other two streams, the argument could be made that additional designated urban land would be required. This is because there would be a small shortfall in the latter part of the projection period.

It was noted earlier that there would be a commercial space requirement of approximately 206 acres over the projection period to the year 2021. There are approximately 180 acres of vacant commercial designated lands, thus a potential shortfall could arise. However, it is unreasonable to assume that all new commercial space will be absorbed through vacant commercial-designated lands for a number of reasons:

- Existing commercial plazas are continually re-inventing themselves by renovation and expansion;
- Commercial space recently constructed on a speculative basis and is vacant may secure tenants;
- The Business Park designation of the Official Plan provides flexibility for commercial uses;
- Infill and redevelopment opportunities are particularly attractive as an immediate customer base is at hand; and,

- Financial incentives available in downtown Hamilton also act as an added attraction for commercial space.

Based on the forgoing, it is clear that at the present time there is an adequate supply of opportunities for new commercial development in the Region of Hamilton-Wentworth to accommodate projected growth to the year 2021. Recognizing the swift and dramatic changes that are occurring in the retail commercial marketplace in terms of the supply and demand of physical space, it will be prudent for the “new” City of Hamilton to have a comprehensive database of commercial marketplace statistics in anticipation of the next review of the urban boundary. For example, the rapid growth of “e-commerce”, the buying and selling of goods and services on the internet, will have an effect on future commercial space requirements. An enhanced database will provide a more accurate assessment of consumer spending patterns and commercial space absorption trends to ensure there is an adequate supply of lands in the appropriate locations to meet commercial space requirements over a 20-year time horizon.

6.0 CONCLUSIONS AND RECOMMENDATIONS

A review and assessment of likely growth and demand in the residential, industrial-business park and commercial sectors was undertaken to the year 2021. These growth estimates were evaluated within the context of the available supply of lands that would be necessary to accommodate the future growth. In this regard, a determination on the need to designate additional lands for “urban” development would be obtained.

Within the industrial-business park sector, there is an ample supply of land to accommodate projected growth to the year 2021 and beyond. This land is available in designated Business Parks and in brownfield locations. It is likely that as financial incentives such as Tax Incremental Financing become established and environmental liability concerns are addressed, there will be increased focus on the redevelopment of former industrial lands in the built-up developed areas into other employment-generating uses.

There are indications that there is an over-supply of designated Business Park lands. On this basis, a comprehensive assessment of the need and demand for designated Business Park lands that recognizes shifting business demands and broader economic trends is warranted. This assessment would properly position this community to capture new industrial-business park growth in the 21st century and ensure the long-term viability and sustainability of the remaining designated Business Park lands. In addition, this assessment would provide a detailed quantitative base for comprehensively evaluating long-term designated Urban Area needs in the new City of Hamilton.

Within the commercial sector, there is an adequate supply of vacant land and other opportunities to accommodate growth to the year 2021. To a larger extent than the industrial sector, new commercial growth can be absorbed through avenues other than new construction on vacant commercial-designated lands. Within the Region of Hamilton-Wentworth there are at present over 4,000 vacant commercial buildings and units. As well, redesignation of lands within the Business Parks is occurring while certain industrial zoning designations do allow commercial activities as-of-right.

Although the assumptions utilized anticipated an increase in the amount of commercial space supported per person, the rapid growth in “e-commerce” is a factor that will have an effect on the need for new commercial space in future years. Therefore, a more detailed assessment of consumer spending patterns and commercial space absorption trends is warranted in light of the rapidly changing marketplace.

For at least the next fifteen years, Hamilton-Wentworth has an adequate supply of designated land to accommodate future residential growth. However, within the latter part of a 20-year time horizon to the year 2021 there will be a shortfall of designated lands to accommodate future residential growth, even with redevelopment and infill opportunities taken into consideration. It is important to recognize that the population and household projections that underpin the land budget analysis can change and growth may in fact be slower than projected. Alternatively, continued strong economic growth in southern Ontario and Hamilton-Wentworth’s geographic proximity to the Greater Toronto Area (GTA) could increase the numbers of households moving to the Region.

It is important for the Region to designate an adequate supply of land for residential purposes. This will ensure the land supply is not unduly constrained and contribute unnecessarily to land price inflation and increased housing costs or constrain job creation opportunities. The detailed background infrastructure and land use planning work that is required to bring new designated urban lands to the marketplace is lengthy and a sufficient lead-time is required. Therefore, an evaluation of the appropriate location(s) for the extension of the urban boundary to accommodate future residential growth should be undertaken.

Background Paper #4, “Review and Assessment of Urban Area Boundary Expansion Requests”, discusses the various Urban Area boundary expansion proposals in the context of the planning policies of the Provincial Policy Statement and the Hamilton-Wentworth Official Plan.

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